

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 100 Section 100.2163 Environmental Remediation Credit (IITA 201(1))</b>
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**TITLE 86: REVENUE**

**PART 100  
INCOME TAX**

**Section 100.2163 Environmental Remediation Credit (IITA 201(l))**

- a) *For tax years ending after December 31, 1997, and on or before December 31, 2001, a taxpayer shall be allowed a credit against the tax imposed by IITA Section 201(a) and (b) for unreimbursed environmental remediation costs incurred. [IITA Section 201(l)]*
- b) *The credit allowed shall be equal to 25% of the unreimbursed remediation costs incurred and approved by the Illinois Environmental Protection Agency in excess of \$100,000 per cleanup site. The \$100,000 deductible does not apply if the remediation site is within an enterprise zone. [IITA Section 201(l)]*
- c) *The credit is earned in the year the Illinois Environmental Protection Agency issues a No Further Remediation Letter with respect to the site and may not exceed \$150,000 per site. The credit shall not exceed \$40,000 per year and the credit may not reduce the taxpayer's liability for the tax imposed by IITA Section 201 (a) and (b) below zero. [IITA Section 201(l)]*
- d) *The credit is not allowed to a person who is responsible for the pollution of the remediation site or who is related to the responsible person. A person is related to a responsible person if deductions for losses incurred on transactions between them would be disallowed under IRC Section 267(b), (c), or (f)(1). [IITA Section 201(l)]*
- e) *Any credit in excess of either the tax liability for the taxable year or the \$40,000 per year limitation may be carried forward to offset the income tax liability of the taxpayer for the next 5 years or until it has been fully utilized, whichever occurs first. Credit in excess of the \$150,000 per site limitation may not be carried over to another year. If a credit from more than one year is carried forward to a particular tax year, the credit arising in the earliest tax year is applied first.*
- f) *If the site is sold, any unused credit passes to the purchaser, unless the purchaser is disqualified under subsection (d) of this Section.*
- g) *In the case of a credit earned by a partnership or Subchapter S corporation, the credit passes through to the owners for use against their regular income tax liabilities in the same proportion as other items of the taxpayer are passed through to its owners for federal income tax purposes.*

- h) A taxpayer claiming the credit who has deducted any of the expenses on which the credit is based for federal income tax purposes must add those expenses back in computing base income.

(Source: Added at 26 Ill. Reg. 192, effective December 20, 2001)